

By: _____ .B. No. _____

Substitute the following for ____B. No. _____:

By: _____ C.S.____B. No. _____

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of sports wagering; requiring occupational permits; authorizing fees; imposing a tax; decriminalizing wagering on certain sports events; creating criminal offenses.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The Legislature finds the following:

(1) consistent with a 2018 United States Supreme Court decision authorizing states to exercise their lawful prerogative to license and regulate sports wagering activity, it is in the interest of this state to authorize a strict regulatory model for sports wagering;

(2) a legal, regulated sports wagering market will help to deter unlawful sports wagering and provide for more regulatory and law enforcement oversight over sports wagering, while generating state revenue;

(3) any sports wagering enforcement and regulatory structure must begin from the bedrock premise that participation in a lawful and licensed sports wagering industry is a privilege and not a right and that strict regulatory oversight is intended to safeguard the integrity of wagering on sporting events and to ensure accountability and the public trust;

(4) the most expeditious way to legalize sports wagering in this state and to strictly regulate this activity is to

1 utilize the resources of the Texas Department of Licensing and
2 Regulation, which has experience regulating business activities in
3 this state; and

4 (5) sports wagering within this state will be vested
5 in operators acting under authority of state law and will promote
6 trust and integrity in all sports wagering operations.

7 SECTION 2. Subtitle A, Title 13, Occupations Code, is
8 amended by adding Chapter 2005 to read as follows:

9 CHAPTER 2005. SPORTS WAGERING

10 SUBCHAPTER A. GENERAL PROVISIONS

11 Sec. 2005.001. SHORT TITLE. This chapter may be cited as the
12 Texas Sports and Entertainment Recovery Act.

13 Sec. 2005.002. DEFINITIONS. In this chapter:

14 (1) "Authorized sports entity" means:

15 (A) a sports team or a sports team designee;

16 (B) a Class 1 racetrack, as defined by Section
17 2026.102; or

18 (C) a greyhound racetrack licensed under
19 Subchapter D, Chapter 2025.

20 (2) "Cash equivalent" means an asset that is
21 convertible to cash and approved for use in connection with
22 authorized sports wagering, including the following approved cash
23 equivalents:

24 (A) traveler's checks;

25 (B) foreign currency;

26 (C) certified checks, cashier's checks, and
27 money orders;

1 (D) personal checks and drafts;
2 (E) digital and virtual currencies and
3 cryptocurrencies;
4 (F) online and mobile payment systems that
5 support online money transfers;
6 (G) credit cards and debit cards;
7 (H) electronic devices with prepaid access, as
8 defined by 31 C.F.R. Section 1010.100(ww); and
9 (I) any other form approved by the commission.
10 (3) "College sport" means an athletic or sporting
11 event in which at least one participant is a team or contestant
12 competing on behalf or under the sponsorship of a public or private
13 institution of higher education, regardless of where the
14 institution is located.
15 (4) "Commission" means the Texas Commission of
16 Licensing and Regulation.
17 (5) "Covered service" means any service that involves
18 the operation, management, or control of wagers authorized by this
19 chapter, including the development or operation of sports wagering
20 platforms and the provision of sports wagering odds and line
21 information and sports wagering risk management information. The
22 term does not include:
23 (A) payment processing and similar financial
24 services;
25 (B) customer identity, age verification, and
26 geolocation services;
27 (C) streaming or other video and data that do not

1 include sports wagering odds or line information;

2 (D) telecommunications, Internet service
3 providers, and other similar services not specifically designed for
4 use in connection with sports wagering;

5 (E) other goods or services designed to support
6 the operation, management, or control of a sports wagering
7 platform; and

8 (F) other goods or services not specifically
9 designed for use in connection with sports wagering.

10 (6) "Department" means the Texas Department of
11 Licensing and Regulation.

12 (7) "Executive director" means the executive director
13 of the department.

14 (8) "Fantasy sports contest" has the meaning assigned
15 by Section 47.01, Penal Code.

16 (9) "Interactive sports wagering" means the conduct of
17 sports wagering through or by means of the Internet, a mobile
18 device, or any other telecommunications service.

19 (10) "Interactive sports wagering operator" means the
20 holder of an interactive sports wagering permit.

21 (11) "Interactive sports wagering permit" means a
22 permit issued by the commission that authorizes the operation of
23 interactive sports wagering under this chapter.

24 (12) "Key person" means an officer or director of an
25 interactive sports wagering operator or retail sports wagering
26 operator who:

27 (A) is directly involved in the operation,

1 management, or control of the conduct of sports wagering under this
2 chapter; or

3 (B) exercises substantial influence or control
4 over the interactive sports wagering operator's or retail sports
5 wagering operator's sports wagering activities.

6 (13) "Official league data" means statistics,
7 results, outcomes, and other sporting event data obtained for
8 determining the outcome of tier two sports wagers under an
9 agreement between an interactive sports wagering operator or retail
10 sports wagering operator and:

11 (A) the relevant sports governing body that
12 authorizes the use of the data for determining the outcome of tier
13 two sports wagers; or

14 (B) an entity expressly authorized by the sports
15 governing body to provide the information described by this
16 subdivision to interactive sports wagering operators.

17 (14) "Permit holder" means a person who holds a retail
18 sports wagering permit, interactive sports wagering permit, or
19 service provider permit issued under this chapter.

20 (15) "Professional sports" means an athletic or
21 sporting event involving at least two competitors, at least one of
22 whom receives compensation for participating in the event.

23 (16) "Retail sports wagering" means engaging in sports
24 wagering while physically present at an authorized location.

25 (17) "Retail sports wagering operator" means the
26 holder of a retail sports wagering permit.

27 (18) "Retail sports wagering permit" means a permit

1 issued by the commission that authorizes the operation of retail
2 sports wagering at a location authorized by the commission, but
3 with the operation limited to accepting in-person sports wagering
4 only from individuals who are physically present in the location.

5 (19) "Service provider" means the holder of a service
6 provider permit.

7 (20) "Service provider permit" means a permit issued
8 by the commission that authorizes the provision of covered
9 services.

10 (21) "Sporting event" or "sports event" means
11 professional sports and athletic events, college sports and
12 athletic events, amateur sports and athletic events, motor race
13 events, electronic sports events, competitive video game events, or
14 any other event approved by the commission.

15 (22) "Sports entertainment district" means a public
16 entertainment facility, as defined by Section 108.73, Alcoholic
17 Beverage Code, that is related infrastructure to an approved venue
18 project, as those terms are defined by Section 334.001, Local
19 Government Code.

20 (23) "Sports facility" means:

21 (A) a facility in this state that is the primary
22 host of a Major League Baseball, National Basketball Association,
23 National Football League, Major League Soccer, or National Hockey
24 League professional sports franchise and has a seating capacity of
25 at least 5,000 people; or

26 (B) a Class 1 racetrack under Section 2026.102.

27 (24) "Sports governing body" means the organization

1 that prescribes final rules and enforces codes of conduct with
2 respect to a professional sporting event and participants in the
3 professional sporting event with corporate headquarters located in
4 the United States.

5 (25) "Sports team" means a Major League Baseball,
6 Major League Soccer, National Basketball Association, National
7 Football League, or National Hockey League professional sports
8 franchise located in this state that leases, subleases, or
9 exclusively or jointly operates a sports facility.

10 (26) "Sports team designee" means any person, other
11 than an individual, designated and authorized by a sports team to
12 receive an interactive sports wagering license on behalf of the
13 sports team.

14 (27) "Sports wagering" means a bet placed on sporting
15 events or portions of sporting events, or on the individual
16 performance statistics of athletes in a sporting event or
17 combination of sporting events. The term includes single-game
18 wagers, teaser wagers, parlays, over-unders, moneylines, pools,
19 exchange wagering, in-game wagering, in-play wagers, proposition
20 wagers, and straight wagers. The term does not include:

21 (A) fantasy sports contests; or

22 (B) horse racing or greyhound racing regulated
23 under Subtitle A-1 (Texas Racing Act).

24 (28) "Sports wagering brand" means the names, logos,
25 and brands by which an interactive sports wagering operator or
26 retail sports wagering operator advertises, promotes, or otherwise
27 holds out to the public its sports wagering platform or retail

1 sports wagering operations.

2 (29) "Sports wagering platform" means an Internet
3 website, mobile application, or other interactive platform
4 accessible through or by means of the Internet, a mobile device, or
5 any other telecommunications service that sports wagering players
6 may use to place sports wagers authorized under this chapter.

7 (30) "Tier one sports wager" means any sports wager
8 other than a tier two sports wager.

9 (31) "Tier two sports wager" means a sports wager
10 placed after a sporting event begins.

11 (32) "Youth sports" means an athletic or sporting
12 event in which the majority of participants are under the age of 18
13 or are competing on behalf of or under the sponsorship of one or
14 more public or private preschools or public or private elementary,
15 middle or junior high, or high schools. The term does not include
16 professional sports or events that occur under the sponsorship or
17 oversight of national or international athletic bodies that are not
18 educational institutions and that include participants both over
19 and under the age of 18.

20 Sec. 2005.003. COMPLIANCE WITH FEDERAL AND STATE LAW. (a)
21 All sports wagering authorized under this chapter must be
22 initiated, received, and otherwise placed within the boundaries of
23 this state unless otherwise authorized by commission rule adopted
24 in accordance with applicable federal and state laws.

25 (b) The intermediate routing of electronic data relating to
26 internet sports wagering authorized under this chapter, including
27 routing across state lines, does not determine the location in

1 which wagers are initiated, received, or otherwise placed,
2 consistent with the Unlawful Internet Gambling Enforcement Act of
3 2006 (31 U.S.C. Section 5361, et seq.).

4 Sec. 2005.004. INAPPLICABILITY OF CHAPTER TO CERTAIN
5 EVENTS. This chapter does not to apply to:

6 (1) fantasy sports contests; or
7 (2) pari-mutuel wagering on horse-racing or greyhound
8 racing under Subtitle A-1 (Texas Racing Act).

9 Sec. 2005.005. INAPPLICABILITY OF OTHER TAXES TO CERTAIN
10 OPERATORS. Notwithstanding any other law, an interactive sports
11 wagering operator or retail sports wagering operator is exempt from
12 all excise taxes, license taxes, permit taxes, privilege taxes,
13 amusement taxes, and occupation taxes imposed by this state or any
14 political subdivision of this state, except as otherwise provided
15 by this chapter.

16 Sec. 2005.006. REVIEW OF AGENCY ACTION. Except as
17 otherwise provided by this chapter, an action of the commission or
18 department under this chapter is subject to review under Chapter
19 2001, Government Code.

20 Sec. 2005.007. ALLOCATION OF EXCESS FEE REVENUE. Any fees
21 collected by the commission under this chapter in amounts that
22 exceed the amount the department and commission require to
23 implement this chapter shall be dedicated to providing special
24 education and related services to eligible students and provided in
25 addition to funding provided through special education allotments
26 under Section 48.102, Education Code. The special education
27 allotment advisory committee established under Section 48.1021,

1 Education Code, shall make recommendations for the use of these
2 funds, and the commissioner of education by rule shall determine
3 the use of these supplemental funds based on the advisory
4 committee's recommendation.

5 SUBCHAPTER B. COMMISSION AND DEPARTMENT POWERS AND DUTIES

6 Sec. 2005.051. SPORTS WAGERING PROGRAM. (a) The commission
7 shall by rule establish an interactive sports wagering program
8 under this chapter and issue permits to operate interactive sports
9 wagering or retail sports wagering on sporting events as authorized
10 by this chapter and commission rule.

11 (b) The commission may not authorize sports wagering
12 involving youth sports.

13 Sec. 2005.052. RULES. The commission shall adopt all
14 necessary rules to administer this chapter and regulate sports
15 wagering in this state.

16 Sec. 2005.053. ADMINISTRATION AND ENFORCEMENT. The
17 executive director under direction of the commission shall
18 administer and enforce this chapter.

19 Sec. 2005.054. CERTIFICATION OF REVENUES AND EXPENSES. The
20 commission shall:

21 (1) each month certify to the comptroller in the form
22 and manner required by the comptroller a full and complete
23 statement of sports wagering revenue and expenses for the preceding
24 month; and

25 (2) not later than September 30 of each year, provide
26 to the comptroller a full and complete statement of sports wagering
27 revenue and expenses for the preceding state fiscal year and any

1 recommendations for amendments to this chapter that may be
2 warranted and prudent to protect the public interest.

3 Sec. 2005.055. AUDITS. (a) To ensure a proper accounting of
4 all revenue due to this state, the commission and the comptroller
5 each independently shall have the right to audit the books and
6 records of interactive sports wagering operators, retail sports
7 wagering operators, and service providers that are related to
8 sports wagering activities authorized under this chapter. The
9 commission and comptroller shall coordinate to ensure audits are
10 not duplicative or overly burdensome on the operators or providers.

11 (b) The comptroller may conduct an audit of any taxes or
12 fees imposed under this chapter in the same manner the comptroller
13 conducts an audit of taxes imposed under Title 2, Tax Code.

14 Sec. 2005.056. VOLUNTARY EXCLUSION PROGRAM. (a) The
15 commission by rule shall establish, implement, and administer a
16 voluntary exclusion program.

17 (b) The rules adopted under this section must require:

18 (1) the commission to establish and administer a
19 statewide self-exclusion list that allows an individual to register
20 on the commission's public Internet website for self-exclusion for
21 the period specified in the exclusion registration agreement and
22 requires the commission to regularly distribute the list to each
23 interactive sports wagering operator and each retail sports
24 wagering operator;

25 (2) each interactive sports wagering operator and each
26 retail sports wagering operator to implement a procedure that
27 allows individuals to request inclusion on the commission's

self-exclusion list and that requires the operator to bar those individuals from any further participation in sports wagering for the period the individuals are included on the list;

(3) except as otherwise provided by commission rule, an individual who participates in the voluntary exclusion program to agree to refrain from participating in sports wagering for the period specified in the exclusion registration agreement;

(4) except as otherwise provided by commission rule, an individual who participates in the voluntary exclusion program to agree not to petition the commission for removal from the program for the period specified in the exclusion registration agreement; and

(5) a permit holder to make all commercially reasonable attempts and cause its sales agents and others operating on its behalf to make reasonable efforts to cease all direct marketing efforts to individuals participating in the voluntary exclusion program.

(c) An individual's registration under the voluntary exclusion program does not prevent a permit holder and its agents and others operating on their behalf from seeking payment of a debt accrued by the individual before the individual entered the program.

Sec. 2005.057. RISK MANAGEMENT. (a) The commission shall adopt rules allowing interactive sports wagering operators and their service providers to use systems that offset loss or manage risk in the operation of sports wagering under this chapter, including through liquidity pools, exchanges, or similar

1 mechanisms in other approved jurisdictions in which the interactive
2 sports wagering operator, service provider, an affiliate of either,
3 or other third party also holds an equivalent permit or license.

4 (b) Notwithstanding Subsection (a), the rules adopted under
5 this section must require that adequate protections be maintained
6 at all times to ensure sufficient funds are available to pay all
7 sports wagering players.

8 Sec. 2005.058. PLACES OF PUBLIC ACCOMMODATION. (a) Except
9 as provided by Subsection (b), and other than at an authorized
10 retail sports wagering location, the commission may not authorize
11 or allow a person to:

12 (1) operate or to allow the operation of a place of
13 public accommodation, a club, or a similar establishment in which
14 computer terminals or similar access devices are intended or are
15 made available for the primary use of accessing a sports wagering
16 platform; or

17 (2) otherwise advertise to the general public that the
18 place of public accommodation, club, or similar establishment is
19 available to engage in sports wagering.

20 (b) The commission may authorize:

21 (1) an interactive sports wagering operator or a
22 service provider operating sports wagering on behalf of an
23 interactive sports wagering permit holder to establish a place of
24 public accommodation for accessing a sports wagering platform if
25 the accommodation is located within an interactive sports wagering
26 operator's sports facility or sports entertainment district; and

27 (2) the advertisement of an activity described by

1 Subdivision (1) at the location.

2 (c) The commission shall adopt rules governing the
3 establishment of a sports wagering public accommodation at a sports
4 facility or sports entertainment district.

5 (d) Places of public accommodation, clubs, or similar
6 establishments authorized under this section are subject to all
7 applicable state, local, criminal, zoning, or other regulatory
8 powers that are not limited in any way by this chapter.

9 (e) This section does not apply to operations and
10 advertisement conducted by a retail sports wagering operator or a
11 service provider operating sports wagering on behalf of a retail
12 permit holder.

13 Sec. 2005.059. AUTHORITY TO SUSPEND WAGERING. The
14 commission, as necessary to protect the integrity of a competition
15 or its participants or as described in Section 2005.060, may
16 suspend wagering on any competition, category or type of
17 competition, or any other aspect of a competition.

18 Sec. 2005.060. LIMITATIONS ON CERTAIN SPORTS WAGERING FOR
19 GOOD CAUSE. (a) If a sports governing body believes that the type,
20 form, or category of sports wagering on that sports governing
21 body's sporting events has the potential to undermine the integrity
22 or perceived integrity of the sports governing body or its sporting
23 events, the sports governing body may submit to the commission a
24 written request to restrict, limit, or exclude a certain type,
25 form, or category of sports wagering for that sports governing
26 body's sporting events. The sports governing body shall provide the
27 request in the form and manner prescribed by commission rule.

1 (b) The commission may request comment from interactive
2 sports wagering operators on each request described by Subsection
3 (a) before granting the request.

4 (c) After giving due consideration to all comments received
5 under Subsection (b), the commission shall, on a demonstration of
6 good cause from the requestor that the type, form, or category of
7 sports wagering is likely to undermine the perceived integrity or
8 the integrity of the sports governing body or its sporting events,
9 grant the request.

10 (d) The commission shall:

11 (1) if feasible, respond to a request under Subsection
12 (a) concerning a particular event before the event begins; or

13 (2) if not feasible, respond not later than the
14 seventh day after the date the request is submitted.

15 (e) If the commission determines the requestor who
16 submitted a request under Subsection (a) is more likely than not to
17 prevail in successfully demonstrating good cause for its request,
18 the commission may provisionally grant the request until the
19 commission issues a final determination on whether the requestor
20 has demonstrated good cause. Absent a provisional grant by the
21 commission, an interactive sports wagering operator may continue to
22 offer sports wagering on sporting events that are the subject of a
23 request under this section during the commission's consideration of
24 the request.

25 Sec. 2005.061. MONITORING PROGRAM. The commission by rule
26 shall adopt and the department shall administer a monitoring
27 program sufficient to protect the integrity of all sports wagering

1 regulated under this chapter. The program must provide for the
2 sharing of suspicious activities on wagering with operators and
3 regulators in other states.

4 SUBCHAPTER C. SPORTS WAGERING PERMITS

5 Sec. 2005.101. INTERACTIVE SPORTS WAGERING PERMIT
6 APPLICATION; FEE. (a) The commission shall issue not more than one
7 interactive sports wagering permit for each authorized sports
8 entity under this chapter. Each sports team may designate only one
9 sports team designee as an authorized sports entity.

10 (b) The commission shall issue a retail sports wagering
11 permit to an authorized sports entity that:

12 (1) submits a completed application to the commission,
13 on a form prescribed by the commission, containing the information
14 required by this section; and

15 (2) pays to the commission a permitting fee in an
16 amount equal to \$500,000, which the commission must refund if the
17 applicant's application is denied after deducting the commission's
18 expenses incurred in considering the application.

19 (c) The commission may issue an interactive sports wagering
20 permit only to an authorized sports entity that is a sports team
21 designee based in the United States.

22 (d) The commission shall prescribe an application form for
23 an interactive sports wagering permit that requires an applicant to
24 submit:

25 (1) the applicant's proposed initial business plan,
26 including the range of contemplated types and modes of sports
27 wagering;

1 (2) the applicant's proposed measures to address age
2 and identity verification and geolocation requirements;

3 (3) the applicant's proposed internal controls,
4 including controls to ensure that an ineligible person does not
5 participate in sports wagering;

6 (4) the applicant's history of preventing compulsive
7 gambling, including training programs for its employees;

8 (5) the applicant's written information security
9 program, including information security governance and the
10 designation of a chief security officer or equivalent;

11 (6) the single sports wagering brand under which an
12 interactive sports wagering operator plans to hold out its sports
13 wagering platform to the public;

14 (7) any personal information the commission by rule
15 may determine is required for the applicant's key persons; and

16 (8) any other information the commission considers
17 necessary.

18 Sec. 2005.102. RETAIL SPORTS WAGERING PERMIT APPLICATION;
19 FEE. (a) The commission may issue a retail sports wagering permit
20 for a location approved by the commission, including:

21 (1) a sports facility of an authorized sports entity
22 that the entity or entity's affiliate leases, subleases, or
23 exclusively or jointly with another sports team operates;

24 (2) a sports facility of a baseball, basketball,
25 hockey, or soccer professional sports franchise in this state that
26 is affiliated with a sports team, or a related sports entertainment
27 district;

1 (3) a racetrack that is not a Class 1 racetrack as
2 defined by Section 2026.102;

3 (4) a motorsports racetrack that has a seating
4 capacity of at least 5,000 people; or

5 (5) a facility operated by the PGA Tour that is the
6 primary host of a PGA Tour professional golf tournament or an
7 entertainment or resort complex related to the facility.

8 (b) The commission may issue a retail sports wagering permit
9 only to an authorized sports entity that is a sports team designee
10 based in the United States.

11 (c) An applicant for a retail sports wagering permit shall:

12 (1) submit an application to the commission, on a form
13 prescribed by the commission, containing the information required
14 under this section; and

15 (2) pay to the commission an application fee in an
16 amount equal to \$50,000.

17 (d) An application submitted under this section must
18 include:

19 (1) the applicant's background in sports wagering or a
20 covered service;

21 (2) the applicant's experience in connection with
22 sports wagering or other wagering activities in other
23 jurisdictions, including the applicant's history and reputation of
24 integrity and compliance, a list of all active or lapsed permits or
25 licenses for sports wagering or other wagering activities, and the
26 reason for any lapse;

27 (3) the applicant's written information security

1 program, including information concerning information security
2 governance and the designation of a chief security officer or
3 equivalent;

4 (4) the single sports wagering brand under which the
5 retail sports wagering operator plans to offer retail sports
6 wagering to the public;

7 (5) any personal information the commission by rule
8 determines should be required concerning the applicant's key
9 persons; and

10 (6) any other information the commission considers
11 necessary.

12 Sec. 2005.103. SERVICE PROVIDER PERMIT APPLICATION; FEE.

13 (a) An applicant for a service provider permit shall:

14 (1) submit an application to the commission, on a form
15 prescribed by the commission, containing the information required
16 under this section; and

17 (2) pay to the commission an application fee in an
18 amount equal to \$25,000.

19 (b) An application submitted under this section must
20 include:

21 (1) the applicant's background in sports wagering or
22 the covered service;

23 (2) the applicant's experience in connection with
24 sports wagering or other wagering activities in other
25 jurisdictions, including the applicant's history and reputation of
26 integrity and compliance, a list of all active or lapsed permits or
27 licenses for sports wagering or other wagering activities, and the

1 reason for any lapse;

2 (3) the applicant's written information security
3 program, including information concerning information security
4 governance and the designation of a chief security officer or
5 equivalent;

6 (4) any personal information the commission by rule
7 determines should be required concerning the applicant's key
8 persons; and

9 (5) any other information the commission considers
10 necessary.

11 Sec. 2005.104. BACKGROUND CHECK. The department shall
12 conduct a background check on each service provider applicant and
13 each retail sports wagering applicant, including any key persons of
14 the applicant, as required by commission rule. A background check
15 conducted under this section must include a credit history check, a
16 tax record check, and a criminal history record information check.

17 Sec. 2005.105. GRANT OR DENIAL. (a) The commission shall
18 grant or deny a completed application under this subchapter not
19 later than the 90th day after the date the application is received
20 by the commission. The commission's decision is final and not
21 appealable, except as otherwise required under state law.

22 (b) The commission may accept permitting or authorization
23 to operate by another jurisdiction that is specifically determined
24 by the commission to have similar permitting requirements as
25 evidence that the applicant meets the interactive sports wagering
26 operator requirements. The commission may accept another
27 jurisdiction's or an approved third party's testing of the

1 interactive sports wagering platform as evidence that the platform
2 meets any requirements mandated by commission rule.

3 (c) The commission shall grant a permit to an applicant for
4 a service provider permit unless:

5 (1) the commission reasonably believes:

6 (A) the applicant will be unable to satisfy the
7 duties of a service provider under this chapter;

8 (B) the applicant or a key person of the
9 applicant is not of good character, honesty, or integrity; or

10 (C) the applicant's or a key person of the
11 applicant's prior activities, criminal record, reputation, or
12 associations are likely to:

13 (i) pose a threat to the public interest;

14 (ii) impede the regulation of sports
15 wagering; or

16 (iii) promote unfair or illegal activities
17 in the conduct of sports wagering;

18 (2) the applicant or a key person of the applicant
19 knowingly fails to comply with the provisions of this chapter or a
20 commission rule under this chapter;

21 (3) the applicant or a key person of the applicant has
22 been previously convicted of a felony, a crime of moral turpitude,
23 or any criminal offense involving dishonesty or breach of trust in
24 the 10 years preceding the date the application is submitted;

25 (4) the applicant's or a key person of the applicant's
26 license, registration, or permit to conduct sports wagering, other
27 forms of gambling activity, or a covered service issued by another

1 state has been revoked; or

2 (5) the applicant defaults in payment of any
3 obligation or debt due to this state.

4 Sec. 2005.106. CONFIDENTIAL INFORMATION. Notwithstanding
5 any other law, the information an applicant submits under this
6 subchapter is confidential and exempt from public disclosure.

7 Sec. 2005.107. PERMIT RENEWAL. (a) Except as provided by
8 Subsection (b), a permit issued under this chapter expires on the
9 third anniversary of the date of issuance.

10 (b) If the permit application is submitted by a designee of
11 a sports team or the sports team's affiliate, a permit under this
12 chapter expires on the earlier of:

13 (1) the third anniversary of the date of issuance; or

14 (2) an affiliate of the sports team and the designee of
15 the sports team or affiliate authorizing the designee to manage and
16 operate the sports team's or affiliate's sports wagering
17 activities.

18 (c) At least 60 days before the expiration date of a permit,
19 a permit holder may renew a permit by submitting a renewal
20 application on a form prescribed by the commission. The permit
21 holder must include a renewal fee in an amount equal to:

22 (1) \$100,000 for renewal of an interactive sports
23 wagering permit;

24 (2) \$25,000 for renewal of a retail sports wagering
25 permit; or

26 (3) \$10,000 for renewal of a service provider permit.

27 (d) The commission may deny an application for permit

renewal if the commission finds grounds for denial as provided in Section 2005.101 for an interactive sports wagering permit, Section 2005.102 for a retail sports wagering permit, or Section 2005.103 for a service provider permit.

SUBCHAPTER D. SPORTS WAGERING OPERATORS

Sec. 2005.151. INTERACTIVE SPORTS WAGERING OPERATOR. (a) An interactive sports wagering operator or a service provider on behalf of an interactive sports wagering operator may:

(1) offer interactive sports wagering in a place of public accommodation located at its sports facility or the sports entertainment district created in connection with the sports facility;

(2) conduct statewide interactive sports wagering;
and

(3) operate kiosks for interactive sports wagering.

(b) An interactive sports wagering operator may only hold out its sports wagering platform to the public under one brand.

Sec. 2005.152. RETAIL SPORTS WAGERING OPERATOR. (a) A retail sports wagering operator may offer retail sports wagering only at a location approved by the commission under Section 2005.102.

(b) A retail sports wagering operator that is not also an interactive sports wagering operator may only conduct sports wagering with individuals who are physically present at the location authorized by the commission for retail sports wagering.

(c) A retail sports wagering operator may operate kiosks for sports wagering at locations approved by the commission.

1 Sec. 2005.153. DUTIES OF SPORTS WAGERING OPERATORS. (a) An
2 interactive sports wagering operator and its service provider shall
3 implement reasonable measures to:

4 (1) ensure that only individuals physically located in
5 this state or as otherwise authorized by commission rule may place a
6 wager through its sports wagering platform;

7 (2) protect the confidential information of players
8 using its sports wagering platform;

9 (3) prevent wagering on events that are prohibited
10 events, as provided by this chapter or commission rule;

11 (4) prevent individuals from placing wagers as agents
12 or proxies for other individuals;

13 (5) allow individuals to restrict themselves from
14 placing wagers through the sports wagering platform under the
15 voluntary exclusion program established under Section 2005.056;

16 (6) establish procedures to detect suspicious or
17 illegal wagering activity, including measures to report suspicious
18 or illegal activity to the commission; and

19 (7) provide for the withholding or reporting of income
20 tax of players as required by applicable state or federal law.

21 (b) An interactive sports wagering operator and retail
22 sports wagering operator shall maintain until the third anniversary
23 of the date of a sporting event records of:

24 (1) all sports wagers placed on the event, including:

25 (A) the identity of the player;

26 (B) the amount and type of wager;

27 (C) the time and location of the wager, including

1 an Internet Protocol address, if available; and

2 (D) the outcome of the wager; and

3 (2) suspicious or illegal wagering activity.

4 (c) An interactive sports wagering operator or retail
5 sports wagering operator must disclose the records described in
6 Subsection (b) to the commission on request.

7 (d) If a sports governing body notifies the commission that
8 real-time information sharing for wagers placed on its sporting
9 events is necessary and desirable, interactive sports wagering
10 operators must share with that sports governing body or its
11 designee in real time, at the account level:

12 (1) anonymized information regarding an individual
13 who places a wager;

14 (2) the amount and type of wager;

15 (3) the time the wager was placed;

16 (4) the location of the wager, including the Internet
17 Protocol address if applicable;

18 (5) the outcome of the wager; and

19 (6) records of abnormal wagering activity.

20 (e) A sports governing body may use the information
21 described by Subsection (d) solely for sports wagering integrity
22 purposes.

23 (f) In advertising its sports wagering platform, an
24 interactive sports wagering operator or retail sports wagering
25 operator must ensure that its advertisements:

26 (1) are not targeted to individuals under the age of
27 21;

1 (2) disclose the identity of the interactive sports
2 wagering operator;

3 (3) provide information about or links to resources
4 related to gambling addiction and prevention; and

5 (4) are not misleading to a reasonable individual.

6 (g) For purposes of Subsection (d), "real-time information
7 sharing" means the sharing of information at a commercially
8 reasonable periodic interval of not less than once every 72 hours.

9 Sec. 2005.154. ESTABLISHMENT OF INTERACTIVE ACCOUNTS. (a)
10 An interactive sports wagering operator or retail sports wagering
11 operator is responsible for verifying the identity of a sports
12 wagering player and ensuring that the player is at least 21 years of
13 age.

14 (b) A sports wagering player may not establish more than one
15 account with any interactive sports wagering operator.

16 (c) The following individuals are prohibited from placing
17 sports wagers:

18 (1) any individual under 21 years of age;

19 (2) any individual who has requested and has not
20 revoked exclusion from sports wagering under the voluntary
21 exclusion program established under Section 2005.056, or who
22 otherwise has been adjudicated by law as prohibited from engaging
23 in sports wagering;

24 (3) any member, officer, or employee of the department
25 or the commission;

26 (4) any employee or key person of a permit holder for
27 that permit holder's sports wagering platform;

1 (5) any participant, including an athlete, coach,
2 trainer, referee, or other official, and any employee or other
3 staff of a participant, in a competition that is the subject of
4 sports wagering under this chapter for the league with which the
5 participant is affiliated; and

6 (6) any employee or other staff of a sports governing
7 body or authorizing league or similar sponsoring organization for a
8 competition subject to sports wagering under this chapter for the
9 sports governing body, authorizing league, or similar sponsoring
10 organization with which the individual is employed or otherwise
11 affiliated.

12 (d) An interactive sports wagering operator or retail
13 sports wagering operator and, as applicable, its service providers
14 may not be charged with violation of Subsection (c)(5) or (6)
15 without notice or actual knowledge that a player is prohibited from
16 placing a sports wager under those subsections.

17 (e) In determining the individuals who are excluded from
18 placing a sports wager under Subsection (c)(5) or (6), an
19 interactive sports wagering operator or retail sports wagering
20 operator shall use a list of excluded persons provided by the
21 commission.

22 (f) An interactive sports wagering account:

23 (1) must be established in the name or on behalf of a
24 player who is a natural person and may not be in the name of any
25 beneficiary, custodian, joint trust, corporation, partnership, or
26 any other entity;

27 (2) must be established through the interactive sports

wagering operator's or retail sports wagering operator's sports
wagering platform or a specialized Internet website or other
interface established for that purpose; and

(3) must include terms that:

(A) prohibit the transfer or sale of an account
or account balance to another registered player;

(B) prohibit the use of any virtual private
network or other technology that may obscure or falsify the
player's physical location;

(C) prohibit any form of collusion, cheating, or
other unlawful activity;

(D) affirm that the player meets all eligibility
requirements for registration; and

(E) authorize the provision of notices and other
required communications either through a designated mobile or other
interface or to an electronic mail address designated by the
player.

(g) The interactive sports wagering operator may allow for
the establishment of an account remotely, provided the operator has
in place measures sufficient to verify the age and identity of the
player.

(h) An interactive sports wagering operator may suspend or
terminate an account if:

(1) the operator determines the player has provided
any false or misleading information in connection with the opening
of the account or has engaged in cheating or other unlawful conduct;

(2) the player is or has been barred from placing

1 sports wagers in this state;

2 (3) the player is or otherwise becomes ineligible
3 under this chapter;

4 (4) the interactive sports wagering operator
5 determines it lacks sufficient information to verify the age and
6 eligibility of the player; or

7 (5) for any other reason at the sole discretion of the
8 operator, provided that reason is not based on a player's actual or
9 believed sex, gender identity, race, religion, national origin,
10 sexual orientation, or other lawfully protected characteristic.

11 (i) On termination for any reason other than the reason
12 described in Subsection (h)(1), an interactive sports wagering
13 operator must provide the player sufficient time and access to
14 withdraw any funds remaining in the account.

15 (j) This section does not require an individual to establish
16 an account to place a sports wager with a retail permit holder at
17 the retail permit holder's facility.

18 Sec. 2005.155. BRAND LIMITATION. (a) An interactive sports
19 wagering operator or retail sports wagering operator may hold out
20 its sports wagering platform to the public under only one sports
21 wagering brand.

22 (b) An interactive sports wagering operator who holds a
23 retail sports wagering permit may offer sports wagering under a
24 sports wagering brand under the retail sports wagering permit that
25 is different from the brand offered under the interactive sports
26 wagering permit.

27 Sec. 2005.156. ASSIGNMENT OF SPORTS WAGERING OPERATIONS TO

1 THIRD PARTY. (a) Subject to commission approval, an interactive
2 sports wagering operator or retail sports wagering operator may
3 assign its interactive sports wagering operations or retail sports
4 wagering operations to a third-party designee to manage and operate
5 its sports wagering activities.

6 (b) A third-party designee described by Subsection (a) must
7 submit to the commission the information required for an applicant
8 under Subchapter C in accordance with procedures prescribed by
9 commission rule.

10 Sec. 2005.157. FANTASY SPORTS CONTESTS. An interactive
11 sports wagering operator or retail sports wagering permit holder
12 may offer fantasy sports contests to the extent those contests are
13 authorized by law.

14 Sec. 2005.158. RISK MANAGEMENT MEASURES. An interactive
15 sports wagering operator or retail sports wagering operator may
16 engage in risk management measures, commonly known as layoff
17 wagering, in the ordinary course of business.

18 Sec. 2005.159. DATA SOURCES. (a) Except as provided by
19 Subsection (c), an interactive sports wagering operator or retail
20 sports wagering operator may use any data source to determine the
21 results of sports wagers, provided the data is not obtained
22 directly or indirectly from live event attendees who collect the
23 data in violation of the terms of admittance to an event or through
24 automated computer programs that compile data from the Internet in
25 violation of the terms of service of the relevant Internet website
26 or other Internet platform.

27 (b) An interactive sports wagering operator or retail

1 sports wagering operator may use any data source for determining
2 the result of a tier one sports wager.

3 (c) A sports governing body may notify the commission in
4 accordance with forms and procedures prescribed by the commission
5 that the governing body has determined an interactive sports
6 wagering operator or retail sports wagering operator must use
7 official league data to settle tier two sports wagers. The
8 commission shall notify each interactive sports wagering operator
9 or retail sports wagering operator of the sports governing body's
10 notification not later than the fifth day after the date the
11 commission receives the notification. Subject to Subsection (a), if
12 a sports governing body does not notify the commission of its
13 determination to provide official league data, an operator may use
14 any data source for determining the result of a tier two sports
15 wager on a professional sports event of the league governed by the
16 sports governing body.

17 (d) Not later than the 60th day after the date the
18 commission notifies each interactive sports wagering operator and
19 retail sports wagering operator as required by Subsection (c), a
20 permit holder may only use official league data to determine the
21 results of tier two sports wagers on professional sports events of
22 the league governed by the sports governing body, unless:

23 (1) the sports governing body or its applicable
24 designee is unable to provide a feed, on commercially reasonable
25 terms, of official league data to determine the results of a tier
26 two sports wager, which then authorizes an operator to use any data
27 source for determining the results of tier two sports wagers until

1 the data feed becomes available on commercially reasonable terms;

2 or

3 (2) an operator demonstrates to the commission that
4 the sports governing body has not provided or offered to provide a
5 feed of official league data to the operator on commercially
6 reasonable terms.

7 (e) The commission may consider the following information
8 in determining whether a sports governing body has provided or
9 offered to provide a feed of official league data on commercially
10 reasonable terms:

11 (1) the availability of a sports governing body's
12 official league data for tier two sports wagers from one or more
13 authorized sources;

14 (2) market information regarding the purchase, in this
15 state and other states, by interactive sports wagering operators
16 and retail sports wagering operators of data for all sports from all
17 authorized sources;

18 (3) the nature and quantity of the data, including the
19 quality and complexity of the process used for collecting the data;
20 and

21 (4) any other information the commission considers
22 relevant.

23 (f) During any period in which the commission is determining
24 whether official league data is available on commercially
25 reasonable terms under Subsections (d) and (e), an interactive
26 sports wagering operator or retail sports wagering operator may use
27 any data source for determining the results of any tier two sports

1 wagers, subject to Subsection (a). The commission shall make a
2 determination under Subsections (d) and (e) not later than the 60th
3 day after the date an operator notifies the commission that it
4 desires to demonstrate that a sports governing body has not
5 provided or offered to provide a feed of official league data to the
6 operator on commercially reasonable terms. If the commission
7 determines that the requesting operator is more likely than not to
8 fail in successfully making the demonstration under this
9 subsection, the commission may provisionally deny the request until
10 the commission makes a final determination as to whether the
11 requesting operator has made the demonstration.

12 Sec. 2005.160. COMMERCIAL AGREEMENTS. (a) Any sports
13 governing body may enter into a commercial agreement with an
14 interactive sports wagering operator or retail sports wagering
15 operator under which the sports governing body may share in the
16 amount wagered or revenues derived from sports wagering on the
17 sports governing body's sporting events.

18 (b) A sports governing body is not required to obtain a
19 permit or other approval from the commission to lawfully accept
20 amounts or revenues described by Subsection (a).

21 SUBCHAPTER E. COMPETITION INTEGRITY: PROHIBITED EVENTS;

22 INVESTIGATIONS; PROMPT REPORTING

23 Sec. 2005.201. PROHIBITION ON YOUTH SPORTS WAGERING. No
24 person shall place or accept a sports wager on youth sports.

25 Sec. 2005.202. COOPERATION WITH INVESTIGATIONS. The
26 commission, interactive sports wagering operators, and retail
27 sports wagering operators shall cooperate with investigations

conducted by sports governing bodies or law enforcement agencies,
including by providing or facilitating the provision of
account-level wagering information and audio or video files
relating to individuals placing wagers.

Sec. 2005.203. REQUIRED REPORT TO COMMISSION. (a) An
interactive sports wagering operator or retail sports wagering
operator must promptly report to the commission any information
relating to:

(1) criminal or disciplinary proceedings commenced
against the interactive sports wagering operator in connection with
its operations;

(2) abnormal wagering activity or patterns that may
indicate a concern with the integrity of a sporting event;

(3) any potential breach of the relevant sports
governing body's internal rules and codes of conduct pertaining to
sports wagering;

(4) any other conduct that corrupts a wagering outcome
of a sporting event for purposes of financial gain, including match
fixing; and

(5) suspicious or illegal wagering activities,
including the use of funds derived from illegal activity, the
placement of wagers to conceal or launder funds derived from
illegal activity, the use of agents to place wagers, and the use of
false identification in placing wagers.

(b) Interactive sports wagering operators and retail sports
wagering operators must promptly report information relating to
conduct described in Subsections (a)(2), (3), and (4) to the

1 relevant sports governing body.

2 Sec. 2005.204. CONFIDENTIALITY OF CERTAIN REPORTED
3 INFORMATION. (a) An interactive sports wagering operator or retail
4 sports wagering operator must maintain the confidentiality of
5 information provided by a sports governing body to the operator
6 unless disclosure is required by this chapter, the commission,
7 other law, or court order.

8 (b) The commission, interactive sports wagering operators,
9 and retail sports wagering operators must maintain the
10 confidentiality of all information relating to conduct described in
11 Sections 2005.203(a)(2), (3), and (4) unless disclosure is required
12 by this chapter, other law, or court order, or as authorized by the
13 relevant sports governing body.

14 (c) The commission, an interactive sports wagering
15 operator, and a retail sports wagering operator may disclose
16 confidential information to another interactive sports wagering
17 operator or retail sports wagering operator, a sports governing
18 body, a sports wagering regulating entity, a law enforcement
19 entity, or other party for the purpose of preventing or
20 investigating conduct that corrupts or could corrupt the outcome of
21 a sporting event, including match fixing.

22 SUBCHAPTER F. WAGERING REVENUE TAX

23 Sec. 2005.251. IMPOSITION OF TAX. A tax is imposed on the
24 adjusted gross wagering revenue of:

25 (1) an interactive sports wagering operator; and

26 (2) a retail sports wagering operator.

27 Sec. 2005.252. COMPUTATION OF ADJUSTED GROSS WAGERING

1 REVENUE; LOSS CARRYFORWARD. (a) For purposes of the tax imposed
2 under this subchapter, an interactive sports wagering operator or
3 retail sports wagering operator shall compute the operator's
4 adjusted gross wagering revenue for a reporting period by
5 determining the total amount of wagering revenue the operator
6 received from all sports wagers authorized under this chapter
7 during the period and subtracting the following for the period:

8 (1) all cash or cash equivalents the operator paid as
9 winnings to players;

10 (2) the actual cost paid by the operator for any
11 personal property the operator distributed to a player as a result
12 of a sports wager authorized under this chapter;

13 (3) the cash value of any bonuses or promotional
14 credits provided to players that are returned to the operator in the
15 form of a deposit or wager;

16 (4) uncollectible receivables, not to exceed four
17 percent of the amount of gross wagering revenue except as provided
18 by Subsection (b);

19 (5) any federal excise tax payments on sports wagers
20 the operator remitted to the federal government; and

21 (6) amounts returned to an authorized participant due
22 to technical malfunction or due to concerns regarding the integrity
23 of the wager or the sporting event.

24 (b) The commission may increase the percentage of gross
25 wagering revenue that an interactive sports wagering operator or
26 retail sports wagering operator may deduct as uncollectible
27 receivables under Subsection (a)(4) on a showing that a greater

1 percentage is reasonable and warranted.

2 (c) An interactive sports wagering operator or retail
3 sports wagering operator that has an adjusted gross wagering
4 revenue for a reporting period computed under Subsection (a) that
5 is less than zero may carry that amount forward and deduct the
6 amount from the operator's adjusted gross wagering revenue for one
7 or more of the succeeding 12 reporting periods before determining
8 the amount of tax due under this subchapter for the applicable
9 reporting period.

10 Sec. 2005.253. RATE OF TAX. The rate of the tax imposed
11 under this subchapter is 10 percent of the adjusted gross wagering
12 revenue for a reporting period, subject to Section 2005.252(c).

13 Sec. 2005.254. PAYMENT OF TAX. The tax imposed under this
14 subchapter is due and payable to the comptroller on or before the
15 20th day of the month following the month in which the adjusted
16 gross wagering revenue on which the tax is based is received.

17 Sec. 2005.255. TAX REPORT. (a) A person required to pay a
18 tax under this subchapter shall file a tax report with the
19 comptroller on a form prescribed by the comptroller. The tax report
20 is due on the date the tax is due under Section 2005.254.

21 (b) The tax report must include separate statements of:

22 (1) the amount of the gross wagering revenue the
23 person received from all sports wagers authorized under this
24 chapter during the reporting period;

25 (2) the total amount of cash or cash equivalents the
26 person paid as winnings to players during the reporting period;

27 (3) the amount of the actual cost the person paid

1 during the reporting period for any personal property the person
2 distributed to a player as a result of a sports wager authorized
3 under this chapter;

4 (4) the cash value of any bonuses or promotional
5 credits provided to players that are returned to the person in the
6 form of a deposit or wager during the reporting period;

7 (5) the person's total amount of uncollectible
8 receivables during the reporting period as determined under Section
9 2005.252;

10 (6) the amount of any federal excise tax payments on
11 sports wagers the person remitted to the federal government during
12 the reporting period; and

13 (7) the total negative amount of adjusted gross
14 wagering revenue that is eligible to be deducted under Section
15 2005.252(c), the amount of that revenue the person actually
16 deducted for the report in determining the tax due, and the
17 remaining amount of that revenue that is eligible to be deducted on
18 a subsequent report.

19 Sec. 2005.256. RECORDS. A person required to pay a tax
20 under this subchapter shall keep a record of:

21 (1) the amounts the person is required to report under
22 Section 2005.255; and

23 (2) any other information the comptroller requires.

24 Sec. 2005.257. ADMINISTRATION AND ENFORCEMENT; RULES. (a)
25 The comptroller shall administer, collect, and enforce the tax
26 imposed under this subchapter in the manner the comptroller
27 administers, collects, and enforces taxes imposed under Title 2,

1 Tax Code, except as otherwise provided by this subchapter.

2 (b) The comptroller shall adopt rules providing for the
3 manner in which a person required to pay a tax under this subchapter
4 may file an amended tax report for a reporting period or otherwise
5 account for errors or omissions in a tax report filed under this
6 subchapter. The comptroller may adopt other rules as necessary to
7 implement this subchapter.

8 Sec. 2005.258. ALLOCATION OF TAX REVENUE. The comptroller
9 shall deposit the net revenue from the tax collected under this
10 subchapter as follows:

11 (1) 25 percent to the foundation school fund; and

12 (2) the remainder to the general revenue fund.

13 SUBCHAPTER G. PENALTIES

14 Sec. 2005.301. CRIMINAL PENALTIES. (a) A person commits an
15 offense if the person knowingly offers or engages in sports
16 wagering in violation of this chapter. An offense under this
17 subsection is a Class B misdemeanor.

18 (b) A person commits an offense if the person knowingly
19 attempts to suborn, collude, or otherwise conspire to impermissibly
20 influence the outcome of any competition or aspect of any
21 competition that is the subject of sports wagering under this
22 chapter. An offense under this subsection is a state jail felony.

23 (c) A person commits an offense if the person knowingly or
24 willfully falsifies, conceals, or misrepresents a material fact or
25 knowingly or willfully makes a false, fictitious, or fraudulent
26 statement or representation in an application submitted under this
27 chapter. An offense under this subsection is a state jail felony.

1 (d) If conduct constituting an offense under this chapter
2 also constitutes an offense under Chapter 47, Penal Code, the actor
3 may be prosecuted under either chapter or under both chapters.

4 Sec. 2005.302. CIVIL PENALTIES. If the commission
5 determines that a permit holder has intentionally violated any
6 material provision of this chapter or a rule adopted by the
7 commission under this chapter, the commission, after providing at
8 least 15 days' notice and a hearing, may:

9 (1) suspend or revoke the permit holder's permit; and
10 (2) impose a monetary penalty not to exceed \$10,000
11 for each violation.

12 SECTION 3. Section 47.01, Penal Code, is amended by
13 amending Subdivision (1) and adding Subdivision (2-a) to read as
14 follows:

15 (1) "Bet" means an agreement to win or lose something
16 of value solely or partially by chance. A bet does not include:

17 (A) contracts of indemnity or guaranty, or life,
18 health, property, or accident insurance;

19 (B) an offer of a prize, award, or compensation
20 to the actual contestants or participants in a bona fide contest for
21 the determination of skill, speed, strength, or endurance or to the
22 owners of animals, vehicles, watercraft, or aircraft entered in a
23 contest; ~~or~~

24 (C) an offer of merchandise, with a value not
25 greater than \$25, made by the proprietor of a bona fide carnival
26 contest conducted at a carnival sponsored by a nonprofit religious,
27 fraternal, school, law enforcement, youth, agricultural, or civic

1 group, including any nonprofit agricultural or civic group
2 incorporated by the state before 1955, if the person to receive the
3 merchandise from the proprietor is the person who performs the
4 carnival contest; or

5 (D) an offer of a prize, award, or compensation
6 to the participants in a fantasy sports contest.

7 (2-a) "Fantasy sports contest" means a bona fide
8 contest, reflecting the knowledge and skill of the participants, in
9 which:

10 (A) participants assemble a fictional sports
11 team composed of actual professional or amateur athletes to compete
12 against other fictional sports teams assembled by other
13 participants for a prize, award, or compensation;

14 (B) the value of any prize, award, or
15 compensation is established in advance of the beginning of the game
16 or contest;

17 (C) the outcome of the game or contest is
18 determined by the accumulated statistical performances of the
19 individual athletes on a participant's fictional sports team; and

20 (D) the outcome of the game or contest is not
21 based solely on the score, point spread, or performance of a single
22 professional or amateur team or athlete.

23 SECTION 4. Section 47.02(c), Penal Code, is amended to read
24 as follows:

25 (c) It is a defense to prosecution under this section that
26 the actor reasonably believed that the conduct:

27 (1) was permitted under Chapter 2001, Occupations

1 Code;
2 (2) was permitted under Chapter 2002, Occupations
3 Code;
4 (3) was permitted under Chapter 2004, Occupations
5 Code;
6 (4) was permitted under Chapter 2005, Occupations
7 Code;
8 (5) consisted entirely of participation in the state
9 lottery authorized by the State Lottery Act (Chapter 466,
10 Government Code);
11 (6) [~~5~~] was permitted under Subtitle A-1, Title 13,
12 Occupations Code (Texas Racing Act); or
13 (7) [~~6~~] consisted entirely of participation in a
14 drawing for the opportunity to participate in a hunting, fishing,
15 or other recreational event conducted by the Parks and Wildlife
16 Department.
17 SECTION 5. Section 47.09(a), Penal Code, is amended to read
18 as follows:
19 (a) It is a defense to prosecution under this chapter that
20 the conduct:
21 (1) was authorized under:
22 (A) Chapter 2001, Occupations Code;
23 (B) Chapter 2002, Occupations Code;
24 (C) Chapter 2004, Occupations Code;
25 (D) Chapter 2005, Occupations Code;
26 (E) Subtitle A-1, Title 13, Occupations Code
27 (Texas Racing Act); or

1 (F) [~~(E)~~] Chapter 280, Finance Code;

2 (2) consisted entirely of participation in the state

3 lottery authorized by Chapter 466, Government Code; or

4 (3) was a necessary incident to the operation of the

5 state lottery and was directly or indirectly authorized by:

6 (A) Chapter 466, Government Code;

7 (B) the lottery division of the Texas Lottery

8 Commission;

9 (C) the Texas Lottery Commission; or

10 (D) the director of the lottery division of the

11 Texas Lottery Commission.

12 SECTION 6. (a) Not later than the 90th day after the

13 effective date of this Act, the Texas Commission of Licensing and

14 Regulation shall post on its Internet website the application forms

15 and adopt rules allowing for the submission of applications for

16 interactive sports wagering permits, retail sports wagering

17 permits, and service provider permits, as required by Chapter 2005,

18 Occupations Code, as added by this Act.

19 (b) Not later than the 45th day after the date the

20 application forms are posted and rules are adopted as required by

21 Subsection (a) of this section, the Texas Commission of Licensing

22 and Regulation shall open an initial application period for

23 issuance of permits under Chapter 2005, Occupations Code, as added

24 by this Act.

25 (c) Not later than the 30th day after the date the initial

26 application period described by Subsection (b) of this section

27 commences, the Texas Commission of Licensing and Regulation shall

1 complete the review of all applications received during the initial
2 application period and award interactive sports wagering permits
3 and retail sports wagering permits in accordance with Chapter 2005,
4 Occupations Code, as added by this Act.

5 (d) Following the close of the initial application period
6 described by Subsection (c) of this section, the Texas Commission
7 of Licensing and Regulation shall issue additional available
8 permits on a rolling basis.

9 SECTION 7. The changes in law made by this Act to Chapter
10 47, Penal Code, apply only to an offense committed on or after the
11 effective date of this Act. An offense committed before the
12 effective date of this Act is governed by the law in effect on the
13 date the offense was committed, and the former law is continued in
14 effect for that purpose. For purposes of this section, an offense
15 was committed before the effective date of this Act if any element
16 of the offense occurred before that date.

17 SECTION 8. This Act takes effect January 1, 2022, but only
18 if the constitutional amendment authorizing the legislature to
19 legalize wagering on professional and collegiate sporting events in
20 this state is approved by the voters. If that amendment is not
21 approved by the voters, this Act has no effect.